

October 8, 1999

Clinton/Gore Priorities Skewed

Clinton Threatens Veto Because Not Enough Surplus Money Will Be Spent on Foreign Aid

In a letter to Senate Majority Leader Trent Lott and House Speaker Dennis Hastert, President Bill Clinton has threatened to veto Conference Report 106-339 (to S. 1234/H.R. 2606, the FY 2000 Foreign Operations Appropriations bill), which has been narrowly approved by both houses. The Clinton letter (available from RPC) raises *not a single substantive question* of foreign policy but is concerned *solely* with his claim that insufficient U.S. taxpayer moneys are being spent abroad.

In particular, the Clinton veto threat faults the conference report because:

- The overall funding level is about \$2 billion less than he requested;
- The purported underfunding makes it “impossible” to fund denuclearization programs in the former Soviet Union;
- The Congressional bill “dramatically underfunds” international lending institutions and Third World debt relief programs; and
- The bill underfunds support for Middle East peace, particularly key American allies Israel, Egypt, and Jordan.

Not surprisingly, the Clinton claims are either misstatements of fact or highly imaginative reinterpretations of the policy questions at stake. The relevant facts are these:

The Funding Level: The overall funding level in the bill is in fact about \$2 billion less than the Clinton/Gore request, the largest portion of which (as the Administration well knows) comes from a reduction in the money made available to international lending banks and Third World debt relief (see below). Most other accounts were funded near last year’s levels (with some increases). The overall funding level (\$12.6 billion) is the same as last year’s bill, which Clinton signed. Holding the line on the foreign aid allocation is hardly inappropriate at a time when priority in spending the budget surplus is properly being given to domestic concerns: the Social Security Trust Fund, paying down the national debt, and rejecting any increased burden on the

American taxpayer. Bill Clinton apparently has a different sense of how the budget surplus should be spent.

Post-Soviet Denuclearization: The Clinton/Gore claim that \$735 million (compared to the \$1 billion request) earmarked for the post-Soviet states makes it "impossible" to fund the \$250 million Enhanced Threat Reduction Initiative (ETRI) is not only untrue — it's not even legally accurate. There is *nothing* in the bill language that prevents the Administration's using any of the funds provided for ETRI. With almost \$6 billion already spent on post-Soviet denuclearization programs, it is time to take a hard look at the value of ETRI in relation to other programs, which the conference report permits the Administration to do. Additionally, in light of increasing concerns about government-linked corruption in Russia that may involve money-laundering of diverted foreign assistance — and reports that certain Clinton/Gore officials may have been less than receptive to intelligence information implicating former prime minister Viktor Chernomyrdin — a thorough reexamination is in order. [See "Gore Rejected C.I.A. Evidence of Russian Corruption," *New York Times*, 11/23/98; and "Russian Crapshoot," *Washington Post*, 9/1/99.]

International Lending Institutions and Third World Debt: A major portion of the Clinton claims of "underfunding" in the conference report reflects Congressional decisions to reduce support for multilateral banks (notably the International Development Association and the Global Environment Facility), debt relief, and international organizations. These reductions, however, reflect serious concerns that have been made more than clear to the Administration — concerns that are ignored in the Clinton veto threat. The need for institutional reform in the multilateral banks and the failure of several governments to meet even minimal debt relief benchmarks should not be glossed over in the Administration's haste to raid the budget surplus. In staying within the budget allocation and discretionary spending caps, Congress has decided to concentrate funding on bilateral programs over which the United States has some control rather than multilateral programs with a less clear record of success.

Middle East: The conference report allocates a total of \$5.6 billion for Israel and Egypt and \$225 million for Jordan. These amounts were provided with the understanding that other funds may be made available in the near future as warranted by progress on the Wye River peace process. Notably, AIPAC has expressed its support for the bill in writing. The Clinton/Gore insistence on still more money in this conference report is without merit.

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